

January 24, 2020

Hon. Amarjot Sandhu
Chair, Standing Committee on Finance and Economic Affairs
99 Wellesley Street West
Room 1405, Whitney Block
Queen's Park
Toronto, ON M7A 1A2

Submitted electronically

RE: Residential and Civil Construction Alliance of Ontario's 2020 Pre-Budget Submission

The Residential and Civil Construction Alliance of Ontario (RCCAO) is pleased to submit its 2020 Pre-Budget Submission to the Standing Committee on Finance and Economic Affairs.

RCCAO is an alliance of key labour and management stakeholders derived from the residential and civil construction sector. The Alliance was created to address the major challenges affecting the construction industry. We work together with government and industry experts to offer realistic solutions to problems in the areas of infrastructure delivery, growth planning, regulatory reform and labour shortages.

A primary RCCAO focus since our inception has been the importance of investing in public infrastructure – from transit and waterworks to roads and bridges – and doing so smartly and efficiently for taxpayers and daily users of infrastructure. On topics such as reforming the municipal environmental assessment process and managing excess construction soils, we are pleased with the government's efforts to streamline these processes and aim to create a more competitive business environment. However, we believe that more can be done to further remove unnecessary, costly and time-consuming barriers to necessary construction projects.

We appreciate the opportunity to provide you with our feedback and look forward to continuing working with you on these and other important industry files to ensure that Ontario remains competitive and continues to prosper.

Regards,



Andy Manahan
Executive Director



Nadia Todorova
Senior Director, Government Relations

In terms of specific issues that RCCAO would like to see incorporated into the 2020 Provincial Budget, these include:

1. PLACE HIGH PRIORITY ON STREAMLINING THE MUNICIPAL CLASS ENVIRONMENTAL ASSESSMENT PROCESS

The Municipal Class Environmental Assessment (MCEA) process has contributed to lengthy and often unnecessary processing delays for infrastructure projects in the province. This presents a barrier to the government's focus on creating a more competitive business environment and connecting people to places across Ontario. Through our ten-year research on this issue, we have found that there is an increase of study costs and skyrocketing timelines associated with the MCEA process.

Since 2009, when the first RCCAO report on MCEAs was published, our research has consistently shown that the MCEA process is too-time consuming and expensive relative to the outcomes. In 2010, [our report](#) found that it took about 19 months on average to go through the process with an estimated cost of \$113,300 per project paid by municipalities. A [follow-up study in 2014](#) showed that it took almost 27 months for a similar set of projects, with an average study cost of \$386,500.

While our latest report, [“Case Studies That Support Reforming Ontario's Municipal Class Environmental Assessment Process”](#), does not represent an apples-to-apples comparison, the consultant costs for MCEA projects range between \$46,000 and \$8.5 million. In the “Case Studies” report, which profiled 12 recent municipal projects that faced a cumbersome MCEA process, ten of these projects took between two and five years to go through the process. In one of the projects, in the City of Peterborough, the MCEA study cost would have been \$8.5 million, but Council found the cost too high to proceed.

Even though the MCEA process is intended to be a streamlined alternative to the individual EA process for large scale projects such as hydro corridors, standard municipal projects such as road reconstructions, bridge rehabilitation and flood-control projects face longer approval delays. Under the current MCEA process, rebuilding aging structures or constructing new infrastructure is taking too long, especially when Ontario municipalities must ensure that their public works are more resilient to withstand severe weather events. Our research has consistently shown that local governments and, by extension, taxpayers are paying too much to modernize infrastructure systems.

We are pleased that the Province released a discussion paper on modernizing Ontario's EA program in 2019 and that Infrastructure Minister Scott announced in November 2019 that there will be changes to the environmental assessment process for transit projects in the Greater Toronto Area. We are also encouraged by the changes made to Schedule 6 of the *Environmental Assessment Act* through the *More Choices, More Homes Act* that intend to streamline low risk projects by exempting them from Bump Up requests. However, these changes have not been proclaimed yet, but once in effect will be crucial in speeding up the MCEA process.

It is imperative that the government continues to find ways to streamline the MCEA process. There is a lot of overlap in consultation processes between the Planning Act and the MCEA requirements. Furthermore, municipalities are already addressing environmental issues in Official Planning and other processes, so there is unnecessary duplication of work.

RCCAO [submitted a joint response](#) along with the Municipal Engineers Association (MEA) and the Ontario Good Roads Association (OGRA) in May 2019 to the government's discussion paper on modernizing Ontario's Environmental Assessment Program. However, there have been no changes stemming from that consultation. We understand that a reform package will be introduced this spring and that it could be an entire revamp of the Environmental Assessment Act. While this is a noble goal, we recommend that MCEA reform be brought forward separately from other Class EA sectors.

Recommendations:

The Province should:

- A. Exempt low-risk projects from the Environmental Assessment Act and allow local municipal officials to handle these projects.***
- B. Delegate the Minister's authority to respond to Part II Order requests to the Director of the Environmental Assessment Branch in order to streamline and speed up response requests.***
- C. Mandate reduced time frames for responding to Part II Order requests by transforming the proposed service standards into regulatory deadline and make any related policy and procedure changes as may be necessary.***
- D. Reduce the scope and complexity of Environmental Study Reports, given the recent dramatic increase in the size and complexity of EA studies, reports and requirement for a multitude of costly background reports. This is imperative especially since many of these requirements are duplicating reviews conducted under planning legislation.***
- E. Enhance access and transparency for the MCEA process by developing a centralized internet-based system that would allow government, industry and the public to benchmark implementation of the Class EA requirements.***

2. CONTINUE TRANSPORTATION AND TRANSIT INFRASTRUCTURE INVESTMENT

Research has consistently demonstrated that the impact of infrastructure spending on job creation is significant. For every \$1 billion in infrastructure spending, 16,700 new jobs are generated each year. Increased investment in infrastructure also spreads throughout the economy via a series of multiplier effects. For every \$1 billion in infrastructure spending, GDP is boosted by \$1.14 billion. Investment in public infrastructure results in lower business costs and higher labour productivity.

RCCAO is pleased by the government's focus on transit and transportation infrastructure in Ontario. One of the top priorities for the RCCAO is the building of the relief subway line in Ontario. The building of the line will provide positive impacts for the region and enable a growing number of commuters to take transit from the suburbs into the downtown area while avoiding the critical and over-capacity Yonge and Bloor station. Although we strongly believe that the subway line will provide necessary relief across the whole Toronto subway system, we also believe that given the timelines, market sounding must be done soon to advance construction and meet the proposed opening date of 2027.

There is widespread support for major transit and transportation infrastructure and an all-around understanding into the fact that these investments are crucial in connecting people to places and creating a more competitive business environment. However, it is essential to get the best value from our large capital expenditures on public infrastructure and to find innovative ways to finance them, including consistent implementation of user pay approaches for road and bridges in Ontario. Incentives should be applied upon various stages of the procurement process, rather than at release as this will encourage better performance and outcomes. On topics such as gas tax [revenues](#), the RCCAO has identified ways for governments to supplement these revenue tools by focusing on road pricing and innovative parking charges.

Recommendations:

The Province should:

- A. Adopt evidence-based, business-case approaches to transportation infrastructure project selection, design, financing, construction and maintenance to ensure maximum service standards and optimal savings for taxpayers.***
- B. Implement market sounding initiatives for transportation infrastructure projects that are currently in the pipeline of projects to ensure industry and market capacity.***

3. ENSURE APPROPRIATE IMPLEMENTATION OF THE UPDATED EXCESS SOIL REGULATIONS

The RCCAO is pleased by the government's focus and work on moving ahead with clarifying rules on the management and transport of excess soil. The announcement by Minister Yurek during the [Excess Soil Symposium](#) in December 2019 regarding regulatory changes to the reuse and management of excess soils generated from construction sites is necessary and welcomed by industry.

RCCAO's research estimated that close to 26 million m³ of excess construction fill was generated in Ontario, which is the equivalent to filling up Roger Centre to the top of the roof with soil 16 times. Some projects have individual sites that result in the excavation of tens of thousands of cubic metres of soil. For example, the Caledonia station, part of the Eglinton Crosstown LRT project in Toronto, resulted in [66,000 cubic metres of excavated soil](#). Properly managing excess soils would result in significant cost savings, given that on average, handling and disposal of excess soil represents 14 percent of the total project value. In a [case study report](#) by the RCCAO, in partnership with the Ontario Society of Professional Engineers and the Greater Toronto Sewer and Watermain Construction Association, this represents total cost of \$46 million.

A mindset seems to exist among people managing soil that it is easier (and less risky) to dispose of soil as a waste rather than to implement ways mechanisms to reuse or recycle it. This is reflected in our research which showed that in 24 case studies of construction projects, more than 50 percent of the soil is disposed of in landfill. One way to ensure more soil is treated as a resource, is to put more onus on the source site or property owners (including municipalities) through more front-end soil reuse planning.

Recommendations:

The Province should:

- A. *Implement the updated Excess Soil regulations according to the announced timeframes to ensure effective and certain regulatory landscape. We are pleased that the Ministry's Excess Soil Engagement Group will be meeting later this month to discuss implementation steps. The RCCAO views a governance structure such as the system in place in the United Kingdom as a strong model to emulate in the effective implementation of the regulations in Ontario.***

- B. *Conduct pilot testing of new processes to encourage beneficial soil reuse. This would include focusing on simplified truck tracking requirements with the intention of pilot testing state-of-the-art solutions. Further, it is necessary to implement pilots looking at effective digital options to soil management. This would also assist with building a data base and making improvements based on an agreed set of metrics.***